LAW AND PARLIAMENTARY AFFAIRS SECRETARIAT

Notification No. LAW 3 LCR. 1976

Bangalore, dated 12th February 1976.

Order that the G.S.R.No 1(E)the Tobaco Board Rules 1976 published in Part II, Section 3 of the GAZETTE OF INDIA Extraordinary, dated 1st January 1976 be republished in the *Karnataka Gazette* for general information.

By Order and in the name of the Governor of Karnataka

B. NAGESHA RAO,

Under Secretary to Government,
Dept. of Law and Parly. Affairs.

GOVERNMENT OF INDIA
(Bharat Sarkar)

MINISTRY OF COMMERCE
(Tobaco Industry Development Control)

New Delhi, dated the 1st January 1976.

NOTIFICATION

G.S.R. 1(E).—In exercise of the powers conferred by Section 33 of the Tobacco Board Act, 1975 (4 of 1975), the Central Government hereby makes the following rules, namely :—

CHAPTER I

PRELIMINARY

1. **Short title. and Commencement.**—(1) These rules may be called the Tobacco Board Rules, 1976.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. **Definitions.**—In these rules, unless the context otherwise requires,—

(a) "Act" means the Tobaco Board Act, 1975 (4 of 1975);

(b) "Board" means the Tobacco Board established under section 4;

(c) the terms "Chairman" "curing", "dealer", "Executive Director", "export", "member", "registered and registered grower" shall have the meanings respectively assigned to them in the Act;

(d) "Committee" means any of the Committees appointed by the Board appointed under Section 7 :

(e) "Secretary means the Secretary of the Board appointed under Section 6 ;

(f) "Section" means a section of the Act ;

(g) "Form" means a Form appended to the rule

(h) "Vice-Chairman" means the Vice-Chairman of the Board;

(i) "Year" means the year commencing on the first day of April.

CHAPTER II

THE BOARD AND ITS COMMITTEES

3. **Manner of filling vacancies among members.**—(1) The Central Government may make such consultations as it thinks fit before appointing members to be appointed under the provisions contained in clauses (c), (d) and (e) of sub-section (4) of section 4.

(2) When a member of the Board dies or resigns or is deemed to have resigned or is removed from office or becomes incapable of acting, the Central Government may by notification in the official Gazette appoint a person to fill that vacancy:

Provided that where the vacancy is one which was held by the outgoing member by virtue of his membership of Parliament under clause (b) of sub-section (4) of section 4, the appointment of the next incumbent of that vacancy shall be on the basis of fresh election by that House of Parliament to which the outgoing member belonged.

4. **Term of Office of members.**—(1) A member appointed under clauses (a), (b), (c) and (e) of sub-section (4) of section 4 shall hold office for a period of three years from the date of his appointment and a member appointed under clause (d) shall hold office for a period of two years from the date of his appointment:

Provided that a member shall be eligible for reappointment:

Provided further that such member shall cease to be a member if he ceases—

(i) to be a member of the House of Parliament by which he was elected; or

(ii) to represent the category from which he was appointed.

(2) A person appointed to fill a casual vacancy under sub-rule (2) of rule 3 shall hold Office so long as the member whose place he fills would have been entitled to hold Office, if the vacancy had not occurred.

5. **Resignation.**(1) A member may resign his Office by writing under his hand addressed to the Chairman.

(2) The Office of a member shall fall vacant from the date on which his resignation is accepted or on the expiry of thirty days from the date of receipt of intimation of resignation, which ever is earlier.

(3) The power to accept the resignation of a member shall vest in the Chairman, who on accepting the resignation, shall report that fact to the Board at its next meeting.

6. **Removal from the Board.**—The Central Government may remove any member from Office—

(a) if he is of unsound mind and stands so declared by a competent court ; or

(b) if he is an undischarged insolvent ; or

(c) if he is convicted of an offence involving moral turpitude ; or

(d) if without the leave of the Chairman, he fails to attend three consecutive meetings of the Board.

7. **Absence from India.**—(1) Before a member of the Board goes out of India—

(a) he shall intimate the Secretary the date of his departure from and the date of his expected return to India ; and

(b) if he intends to be absent from India for a longer period than six months, he shall tender his resignation.

(2) If a member leaves India without observing the provisions of sub-rule (1) he shall be deemed to have resigned with effect from the date of his departure from India.

8. **Membership Roll.**—The Secretary shall keep a record of the names of members and their addresses.

9. **Change of Address.**—A member shall keep the Secretary informed of any change in his address and if he fails to inform the change of address, the address in the official records shall for all purposes be deemed to be his correct address.

10. **Vice Chairman.**—(1) The Board shall elect, in each year, from amongst its members, a Vice-Chairman for a period of twelve months commencing from the date of his election, or if the election is held before the expiry of the term of office of an existing Vice-Chairman, from the date on which such Vice-Chairman would vacate office.

(2) If a casul vacancy occurs in the office of the Vice-Chairman on account of resignation or his ceasing to be a member or otherwise, the Board shall at its next meeting, elect another member to be the Vice-Chairman who shall hold office for the un-expired portion of the term of office of the Vice-Chairman elected under sub-rule (1).

11. **Committees of the Board.**—(1) The Committees appointed by the Board under section 7, may be of either advisory or executive character and shall exercise such powers and discharge such functions of the Board as may be decided by the Board in conformity with the provisions contained in the Act, and these rules and also the directions, if any, that may be given to the Board by the Central Government.

(2) All important decisions taken by the Committees shall be placed before the Board at its next meeting for its information and for such review as it may consider necessary.

CHAPTER III

PROCEDURE FOR MEETINGS OF THE BOARD

12. Meetings of the Board.—There shall be not less than two ordinary meetings of the Board in a year on such dates and at such places as the Chairman may think fit and the interval between any two ordinay meetings shall not, in any case, be longer than eight months.

13. Power to Call Meetings.—(1) The Chairman may, at any time, call a meeting of the Board and may do so if a requisition for a meeting is presented to him in writing by at least seven members.

2 The Chairman may require any officer of the Board, besides the Executive Director, or invite any person to attend any meeting of the Board, but such officer or person shall not be entitled to vote.

(3) At least fourteen clear days before any meeting of the Board, notice of the time and place of the intended meeting signed by the Secretary shall be send to the Central Government and left at or posted to the address of every member;

Provided that in case of urgency, a special meeting of the Board may be summoned at any time by the Chairman, who shall inform in advance, the Central Government and the members of the subject matter for discussion and the reasons for which he considers the matter urgent,

(4) Notwithstanding anything contained in this rule, the Central Government may, at any time, call a meeting of the Board.

14. Quorum.—(1) No business shall be transacted at a meeting of the Board unless there are present at such meeting at least seven members.

(2) If at any time the number of members present at a meeting is less than the number of members specified in sub-rule (1), the member presiding shall adjourn the meeting to a date not later than three days from the date of such meeting after informing the members of the date, time and place of the adjourned meeting and it shall thereupon be lawful for the member presiding at such adjourned meeting to dispose of the business intended to be transacted at the original meeting, irrespective of the number of members present.

15. Chairman of meetings.—The Chairman shall preside over every meeting of the Board and in his absence the Vice-Chairman

shall preside. If both the Chairman and the Vice-Chairman are absent the members present at the meeting shall elect one from amongst themselves to preside over such meeting.

16 **Agenda** —(1) The Chairman shall cause to be prepared and circulated to the Central Government and among the members, at least ten days before a meeting of the Board, a list of business to be transacted at such meeting

(2) No business not included in the agenda, shall be transacted at a meeting of the Board without the permission of the Chairman.

17. **Voting.**—(1) Every question brought before a meeting of the Board shall be decided by a majority of the members present and voting.

(2) In the case of an equality of votes, the Chairman, the Vice-Chairman or the member presiding over such meeting shall have a second or casting vote.

18. **Transaction of business by circulation.**—(1) Any business which is to be transacted by the board may, if the Chairman so direct be referred to members (other than members who are not in India) by circulation of papers, and copies of papers so circulated shall also be sent to the Central Government.

(2) Any proposal or resolution circulated under sub-rule (1) and approved by the majority of the members who have recorded their views in writing shall be as effectual and binding as if such proposal or resolution was decided by the majority of the members at a meeting of the Board.

Provided that atleast six members of the Board have recorded their views on the proposal or resolution ;

Provided further that when a proposal or resolution is referred to the members by circulation, any five members may require that the proposal or resolution be referred to members at a meeting, and thereupon such referrence shall be made to members at a meeting of the Board.

(3) Where any business is referred to members under sub-rule (1), a period of not less than ten clear days shall be allowed for the receipt of replies from members and such period shall be reckoned from the date on which the notice of business is issued.

(4) If a proposal or resolution is circulated under this rule the result of the circulation shall be communicated to all the members and to the Central Government.

(5) All decision on questions arrived at by circulation of papers shall be placed at the next meeting of the Board for record.

19. **Record of Business.**—A record of items of business transacted by the Board shall be maintained by the Secretary and copies of such record shall be forwarded to the central Government.

(2) The record of business transacted at every meeting of the Board shall be signed by the Chairman, the Vice Chairman or, as the case may be, the member presiding at such meeting.

(3) When any business is transacted by circulation of papers, a record of the business so transacted shall be signed by the Chairman.

20. **Review** —(1) The Central Government may, for reasons to be recorded in writing, review any decision of the Board and pass such order in the matter as it thinks fit.

(2) A copy of every order passed under sub-rule (1) shall be sent to the Board by the Central Government.

(3) On receipt of a copy of the order under sub-rule (2), the Board may make a representation to the Central Government against the said order and the Central Government may, after considering such representation, either cancel, modify or confirm the order passed by it under sub-rule (1), or take such other action as may in its opinion be just or expedient.

CHAPTER IV

FINANCE, BUDGET AND ACCOUNTS OF THE BOARD

21. **Budget Estimates.**—(1) The Board shall in each year prepare budget estimates for the ensuing year and revised estimates for the current year and shall submit them for the sanction of the Central Government on or before such dates as may be fixed by the Government. The revised budget when sanctioned shall supersede the original budget and shall be deemed to be the sanctioned budget for the year.

(2) No expenditure shall be incurred until the budget is sanctioned by the Central Government and the expenditure has received the sanction of the competent authorities.

(3) The budget shall be prepared in accordance with such instructions as may be issued from time to time and be in such form as the Central Government may direct. It shall include a statement of—

(i) The estimated opening balance;

(ii) the estimated receipts under the different heads referred to in sub-section (1) of of Section 17;

(iii) the estimated expenditure classified under the following heads and sub-heads or such other heads and sub-heads or the Central Government may from time to time direct:—

Heads :

(a) Administration;

(b) Development of Tobacco Production and Curing;

(c) Internal marketing facilities including Grading;

(d) Research;

(e) Price Support Operations;

(f) Market Survey;
(g) Trade delegations;
(h) Exhibitions and fairs;
(i) Statistics;
(j) Works;
(k) Propaganda and publicity;
(l) Others;

Sub-heads :

(i) pay of Officers;

(ii) Pay of establishment;

(iii) Allowances, honoraria and the like; and

(iv) Other charges, contingencies and the like.

(4) Supplementary estimates of expenditure, if any, shall be submitted for the sanction of the Central Government in such from and on such dates as may be directed by it in this behalf.

22. **Accounts of the Board.**—(1) The Board shall maintain accounts of all receipts and expenditure relating to each year.

(2) The expenditure incurred in a particular year shall be shown under separate heads and sub-heads.

(3) The opening balance, if any, shall be stated as such separately

(4) The closing balance of the year shall be shown at the foot of the accounts on the expenditure side.

(5) An annual *proforma* account on accrual basis shall also be prepared for bringing out assets and liabilities as well as the details of reserves and investments.

23. **Deposit of funds of Board in banks and investment of such funds.**—(1) Money required for the current expenditure of the Board with the exception of the petty cash and surplus moneys shall be kept in the Personal Ledger Account in the District Treasury or Sub-treasury or in current account with the State Bank of India or any of its subsidiaries.

(2) Any funds not required for current expenditure may be placed in deposit account with the Central Government in the Public Account:

Provided that the funds in the Boards pension fund or provident fund, not required for current expenditure, may be invested in Trustee Securities or Ten-Years Treasury Savings Deposit Certificate or National Defence Certificates to the extent permissible or in fixed deposit with the State Bank of India or any of its subsidaries or, if approved by the Central Government, with any other scheduled bank.

(3) Payment by or on behalf of the Board shall be made in cash or by cheque drawn against the current account of the Board.

CHAPTER V

POWERS OF THE BOARD, THE CHAIRMAN THE EXECUTIVE DIRECTOR AND THE SECRETARY

24. **Power to incur expenditure and to write off Losses.**—Subject to the provisions of the Act, these rules and the rules made by the Central Government relating to revenue and expenditure for the time being in force, the Board may incur such expenditure as it may think fit or items provided for, and within the amounts sanctioned by the Central Government, in the budget.

(2) The Board may write off losses or waive recoveries upto ten thousand rupees in any single case.

(3) Re-appropriations between sub-heads under heads of expenditure may be made by the Board.

(4) The Board shall not incur expenditure outside India in excess of fifteen thousand rupees on any single item without the previous sanction of the Central Government.

25. **Borrowing powers.**—The Board may, with the previous sanction of the Central Government borrow, on the security of the Tobacco Fund or any of its other assets, for meeting its expenses or for carrying out the measures referred to in section 8.

26. **Contracts.**—(1) The Board may enter into any contracts for the discharge of its functions under the Act:

Provided that—

(a) every contract other than a contract for, or the account purchase or sale of, virginia tobacco under the provisions of rule 32, which extends over a period of more than three years or involves an expenditure in excess of rupees one lakh; and

(b) every agreement or contract for technical collaboration or consultation services with firms or foreign Governments shall require the previous sanction of the Central Government.

(2) Contrats shall not be binding on the Board unless they are executed by the Chairman or any officer authorised by the Board with the previous approval of the appropriate authority concerned.

(3) Neither the Chairman nor any officer of the Board not any member thereof shall be personally liable under any assurances of contracts made by the Board and any liability arising under such assurances or contracts shall be discharged from the moneys at the disposal of the Board.

27. **Financial transactions in general**—Except as otherwise provided in these rules, the provisions of the Central Treasury Rules the Delegation of Financial Power Rules, 1958, and the General Financial Rules, 1962 of the Central Government, for the time being in force, shall, subject to such modifications or adaptations as may

be made by the Board therein with the previous approval of the Central Government, apply to all financial transactions of the Board.

28. **Powers and duties of Chairman.**—(1) The Chairman shall be responsible for the proper functioning of the Board and for the discharge of its functions under the Act and these rules.

(2) The Chairman shall have the following powers, namely.—

(i) to grant leave to officers and employees of the Board including the Executive Director and the Secretary;

(ii) to exercise administrative control over all departments and officers of the Board including the Executive Director and the Secretary;

(iii) to call for documents and records and to inspect or cause to be inspected any land or premises including places of business or of sorting, curing, processing, grading, manufacture, packing, storage or auction, as required under the Act or these rules or as may be considered necessary for discharging properly any of the functions of the Board;

(iv) to sanction expenditure for contingencies, supplies and services and purchase of article required for the working of the office of the Board, and

(v) to carry out the measures referred to in Section 8.

(3) The Chairman shall have power to require the Board or any Committee thereof to defer taking action in pursuance of any decision taken by the Board or the Committee, as the case may be, pending a reference to the Central Government on such decision.

(4) Where a matter has to be disposed of by the Board or the Committee and a decision in respect of that matter cannot wait till a meeting of the Board or the Committee, as the case may be, is held or till the circulation of the resolution relating to that matter among the members of the Board or Committee, as the case may be, the Chairman may take the decision himself.

(5) Where the Chairman takes a decision under sub-rule (4), he shall submit the same for ratification to the Board or the Committee, as the case may be, at its next meeting;

Provided that where the Board or the Committee modifies or cancels the action taken by the Chairman, such modification or cancellation shall be without prejudice to the validity of any action taken before such modification or cancellation.

29. **Powers and duties of Executive Director.**— (1) The Executive Director shall be responsible, subject to the overall responsibility of the Chairman, for implementing the Board's policies in regard to regulation of production and internal marketing of

of virginia tobacco, ensuring a fair and remunerative price to the growers, purchasing of virginia tobacco from the growers when considered necessary by the Board. the disposal of the tobacco so purchased promoting the garding of virginia tobacco at the level of growers, sponsoring, assisting, co-ordinating or encouraging scientific, technological and economic research for the promotion of the tobacco industry. It shall also be his responsibality to ensure that in carrying out these functions, the Board works in close liaison with Union agencies, institutions and authorities such as the Directorate of Tobacco Development, the Directorate of Marketing and Inspection, the Indian Council of Agricultural Research etc., which may be concerned with these aspect of the tabacco industry, and avoids duplication of effort.

(2) Besides carrying out, such other functions as may be assigned to him by the Chairman or such directions as the chairman may give to him in regard to the perfore mance of the functions stated in sub-rule (1) the Executive Director shall present to the Board such periodical reports in respect of the work under his charge, as may be specified by the Chairman.

30. **Powers and duties of Secretary.**—(1) The Secretary shall be responsible for the implementation of the decisions arrived at by the Board or by its Committees and the dischare of the duties imposed on him under the Act or by these rules.

(2) Subject to such powers and duties as may be delegated by the Chairman, the Secretary shall—

(a) cause all important papers and matters presented to the Board as early as practicable ;

(b) issue directions as to the method of carrying out the decisions of the Board ;

(c) grant receipts on behalf of the Board for all moneys received under the Act ;

(d) maintain or cause to be maintained an account of the receipts and expenditure of the Board and also the various registers that may be prescribed for the Board under the Act or these rules ;

(e) receive applications from growers. curers. exporters. packers, auctioneers, dealers, owners/lessers of auction platforms for registration with the Board under section 10 to 13 examine them in accordance with the policy of Board the provisions of the Act and these rules and issuing necessary certificate of registration or otherwise communicating the decision on such applications to the, applicants;

(f) receive appeals written or oral, against the decisions of the Board and taking appropriate action thereon in accordance with the provisions contained in the Act this-

rules and the guidelines that may be laid down by the Board or the Chairman ;

(g) present an annual draft report on the working of the Board to the Board for approval and submit the report in the form approved by the Board to the Central Government not later than the dates specified from time to time in this behalf by the Central Government for being laid before each House of Parliament ;

(h) assist the Chairman in all administrative matters and in the discharge of such other functions as the Chairman may desire.

CHAPTER VI

MINIMUM EXPORT PRICES AND PURCHASE, SALE AND EXPORT OF VIRGINIA TOBACCO

31. **Minimum Export Prices.**—(1) By 31st December every year, the Board shall recommend for the consideration of the Central Government the minimum prices which in its view should be fixed for the next year for the export of virginia tobacco as well as for such other varieties of tobacco which have an export prospect.

(2) In recommending the said minimum export prices, besides such other matters as may be considered relevant, the Board shall take into consideration the following matters, namely :—

(i) surplus available from the previous crops and the size of the new crop;

(ii) total assessed demand for home consumption and for exports ,

(iii) average FOB unit value realisaton, qualitywise during the last twelve months and the trend of prices during the last three months ;

(vi) Change in the cost of cultivation ;

(v) desirability of ensuring a fair and remunerative return to the growers consistent with the need to make the minimum export prices attractive enough to take care of the entire exportable surplus.

(3) The recommendations of the Board shall be accompanied by a detailed analysis of the data taken into consideration in arriving at those recommendations indicating also the manner in which the said recommended prices have been worked out.

(4) If and when, in the opinion of the Board as a situation develops warranting the revision of the said minimum export prices during the course of the year, or when so desired by the Central Government the Board shall make special recommendation to the Government for its consideration, over and above the annual recommendation referred to in sub-rule (1).

32. **Purchase of Virginia Tobacco.**—(1) The Board may, and if so, directed by the Central Government shall, purchase virginia tobacco from the growers of such tobacco in India when the Board or as the case may be, the Central Government is satisfied that such a step is necessary or expedient to protect the interests of the growers.

(2) The Tobacco so purchased by the Board shall be disposed of by it in India or abroad as and when considered appropriate and in such manner as the Board may think fit or as may be directed by the Central Government.

(3) The Board shall make maximum possible utilisation of the agency of the State Trading Corporation of India Ltd., in exporting the virginia tobacco purchased by the Board.

(4) The Board shall keep the Central Government fully informed of the tobacco purchase operations that may be undertaken by it and shall comply with such instructions, guidelines or restrictions etc. that may be issued or imposed by the Central Government in regard to such purchases and also the sales, including exports, to be made out of the stocks so purchased by the Board.

(5) The prices at which virginia tobacco shall be purchased or sold by the Board shall be such as considered appropriate by it subject to such guidelines, if any, which the Central Government may lay down specifically for the purpose from time to time through direction to the Board.

[No. F. 18 (9)/75-EP (Agri. I.)]

V. C. PANDE. Jt. Secy.